

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Education Pre-K - 12 Committee

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BILL: SB 2272

INTRODUCER: Senator Wise

SUBJECT: Inservice Professional Development Academies

DATE: April 7, 2009

REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Carrouth	Matthews	ED	<b>Pre-meeting</b>
2. _____	_____	EA	_____
3. _____	_____	WPSC	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____

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## I. Summary:

The bill revises provisions relating to regional professional development academies, including:

- Designating a school district to serve as the fiscal agent for each regional academy;
- Repealing the authorization for start-up funds and the eligibility requirements for regional academies to receive startup funding;
- Repealing the requirement that a regional academy be self-supporting after the first year of operation;
- Repealing the requirement that a regional academy own or lease the facility in which it delivers training and the responsibility of the academy to maintain such facility; and
- Repealing the provision which indicates that an academy is not a component of any school district.

This bill substantially amends section 1012.985 of the Florida Statutes.

## II. Present Situation:

### Regional Professional Development Academies

The 1999 Legislature established regional training academies (regional academies) for the purpose of providing professional development opportunities for school personnel in each region of the state.<sup>1</sup> The regional academies would be operated in partnership with area business partners to develop and deliver high-quality training programs purchased by school districts.<sup>2</sup> The regional academies were required to be financed during the first year of operation by an

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<sup>1</sup> s. 64, ch. 99-398, L.O.F., codified as s. 231.6135, F.S., (1999).

<sup>2</sup> s. 231.6135(1), F.S., (1999).

equal or greater match from private funding sources and demonstrate the ability to be self-supporting within one year after opening through fees for services, grants, or private contributions.<sup>3</sup> The regional academies were to be governed by an independent board and were additionally required to own or lease a facility to deliver training, provide professional development services to participating school districts, and to provide, in its discretion, professional development services to other school districts, private schools, and individuals on a fee-for-services basis.<sup>4</sup> These requirements remain in current law.<sup>5</sup> However, the statewide system did not materialize and the Schultz Center for Teaching and Leadership in Jacksonville, FL, became the only inservice professional development academy to subsequently operate under the 1999 legislation.

### **The Schultz Center for Teaching and Leadership**

In 1997, through a \$1 million grant from Fred Schultz, other private donations, and state matching funds, the Schultz Center for Teaching and Leadership (Schultz Center) was established with the goal of raising student achievement by enhancing the professional skills of education professionals.<sup>6</sup>

The Schultz Center received \$4 million in donations and used these funds as well as \$4 million in matching funds to create a state-of-the-art professional development facility.<sup>7</sup> At present, the Schultz Center contracts with five regional school districts<sup>8</sup> and conducts professional development training for teachers, principals and other education professionals. The Schultz Center has also conducted research and training for the Department of Education and the Southern Regional Educational Board.<sup>9</sup>

The Schultz Center currently collaborates with area school districts and the University of North Florida to offer leadership training that includes:

- Aspiring Leader Academies (one year training for assistant principals);
- Principal Academies;
- Instructional Training for the Southern Regional Educational Leadership Board;
- Assistant Principal Candidate Training; and
- Professional Learning Communities.

To date, the Schultz Center has also provided professional development in fifteen instructional areas and has delivered more than eighty diverse workshops targeted to new teacher training, as well as training for the State University System.<sup>10</sup>

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<sup>3</sup> s. 231.6135(6), F.S., (1999).

<sup>4</sup> s. 231.6135(7) and (8), F.S., (1999).

<sup>5</sup> s. 1012.985, F.S., formerly s. 231.6135, F.S.

<sup>6</sup> <http://www.schultzcenter.org/history.shtml>, (last visited April 10, 2009).

<sup>7</sup> The Duval County School District (DCSB) currently owns and maintains the facility and leases it to the Schultz Center for a nominal fee. (Email correspondence from DCSB, dated January 6, 2009.)

<sup>8</sup> School districts served include Clay, Nassau, St. Johns, Baker, and Duval counties.

<sup>9</sup> Founded in 1948, the Southern Regional Education Board is a nonprofit, nonpartisan organization that works with leaders and policy-makers in 16 member states to improve pre-K through postsecondary education. <http://www.sreb.org/>

<sup>10</sup> Email correspondence from DCSB, dated April 8, 2009

**Audit Findings**

The Auditor General (AG) reviewed the financial relationship between the Duval County School District and the Schultz Center in an operational audit of the Duval County District School Board.<sup>11</sup> In the audit for FY 2003-2004, the AG recommended that the school district should monitor the reasonableness of goods and services provided to and exchanged with the Schultz Center.<sup>12</sup> In particular, the AG noted the following:

- The Duval County School District provided a substantial portion of the Center's support through cash and in-kind contributions. The Schultz Center provides training to teachers at public and private schools in 5-county area; however, only the Duval County School District was required to provide cash and in-kind services to the Schultz Center for professional development services.
- The Duval County School District appears to be incurring the cost for operating the Schultz Center and providing training-related funding, while simultaneously providing the majority of the Schultz Center's professional development services with the school district's own staff.
- After more than three years of operation, the Schultz Center was not operating on a self-supporting basis if it was required to pay its full operating costs.<sup>13</sup>

In 2006, the Legislature revised the regional academy enabling statute to provide that an academy, upon complying with the requirement for the first year of operation, is not a component of any school district or governmental unit to which it provides professional development services.<sup>14</sup>

For FY 2006-2007, the AG again reviewed the financial relationship between Duval County School District and the Shultz Center in a financial, operational, and federal single audit of the Duval County District School Board.<sup>15</sup> In the audit, the AG recommended the school district to take appropriate action to evaluate the Schultz Center's ability to operate on a self-supporting basis as statutorily required.<sup>16</sup> In particular, the AG noted the following:

- The Schultz Center could not demonstrate the ability to be self-sustaining through fees for services, grants, or private contributions.<sup>17</sup>
- The school district is essentially incurring the costs to operate the Schultz Center and providing the majority of professional development with school district personnel.<sup>18</sup>
- The Schultz Center lease agreement generally requires that the school district be responsible for all facility operational, maintenance, and repair costs, in contravention of s. 1012.985(1)(g), F.S., which requires that the Schultz Center be responsible for those costs.<sup>19</sup>

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<sup>11</sup> See *Duval County District School Board: Operational Audit: FY 2003-2004, Report No. 2006-002 (July 2005)*, "Finding No. 12," Florida Auditor General, available at [http://www.myflorida.com/audgen/pages/pdf\\_files/2006-002.pdf](http://www.myflorida.com/audgen/pages/pdf_files/2006-002.pdf).

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> ch. 2006-151, L.O.F.

<sup>15</sup> See *Duval County District School Board: Financial, Operational, and Federal Single Audit, FY 2006-2007 (February 2008)*, Florida Auditor General, available at [http://www.myflorida.com/audgen/pages/pdf\\_files/2008-084.pdf](http://www.myflorida.com/audgen/pages/pdf_files/2008-084.pdf).

<sup>16</sup> *Id.* at 11, "Finding No. 11."

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

- The school district's contracted payments to the Schultz Center of \$3,796,767 for 300,000 hours of training do not appear to be an arm's length purchase of goods and services from a vendor. Again, much of the training was developed and provided by school district personnel as an in-kind service to the Schultz Center.<sup>20</sup>

The Duval County School District did not concur with the AG's findings. In particular, the school district reported that the intent of its arrangement with the Schultz Center was that the center would pay for extensive renovations (approximately \$8 million) to the building in consideration for future operational, maintenance, and repair costs.<sup>21</sup>

### III. Effect of Proposed Changes:

The bill revises provisions relating to the statewide system for inservice professional development academies. In particular, the bill:

- Designates a school district as the fiscal agent for each regional academy;
- Repeals start-up fund authorization and eligibility requirements;
- Repeals the requirement that a regional academy be self-supporting after the first year of operation;
- Repeals the requirement that a regional academy own or lease the facility in which it delivers training and the responsibility of the academy to maintain the facility; and
- Repeals the provision which indicates that an academy is not a component of any school district.

In effect, the bill only currently affects the operations of the Schultz Center. However, future regional academies, if they were established, would operate under the same enabling statute.

By removing the self-supporting and facility maintenance requirement, the bill addresses the audit criticisms that the Schultz Center was not self-sufficient or providing for facility maintenance as required in s. 1012.985, F.S. However, while the enabling statute changes mitigate specific statutory audit concerns, the school district's payment to the Schultz Center for professional development provided by the district's personnel remains an audit issue. In effect, the district pays twice for the same services. Accordingly, the operating agreement between the school district and the Schultz Center may need to be revised. Additionally, the federal awards audit issues under the Federal Single Audit, concerning whether the school district and the Schultz Center are operating at an arm's length in the purchase of goods and services, would remain.

The internal auditor for the Duval County School District also notes that serving as the fiscal agent for the Schultz Center would increase the workload of district staff throughout the year and during the preparation of financial statements and may require additional personnel to properly administer the role of fiscal agent. Moreover, this provision may not guarantee that the AG would not continue to find issues with the actual operation of the Schultz Center as it relates to the school district.<sup>22</sup>

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<sup>20</sup> *Id.* at 94, "Federal Awards Finding No. 9."

<sup>21</sup> *Id.* at 102. "Management Response Section."

<sup>22</sup> Email correspondence from Internal Board Auditor, Duval County School District, dated March 19, 2009.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

There may be more regional academies established without the requirement of self-sufficiency after one year of operation.

**C. Government Sector Impact:**

School districts serving as the fiscal agent to regional academies may incur additional costs to support these financial functions.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.